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PRESS RELEASE PRESS RELEASE

EMBARGO: Not for publication before 11am Monday 29 February, 2016
Melbourne Institute Monthly Inflation Gauge

February 2016

The Melbourne Institute Monthly Inflation Gauge fell by 0.2 per cent in February, after rising by 0.4 per cent in January. In the twelve months to February, the Inflation Gauge increased by 2.1 per cent after a rise of 2.3 per cent for the twelve months to January.

Contributing to the overall change in February were price falls for automotive fuel (-5.6 per cent), and holiday travel and accommodation (-3.7 per cent). These were primarily offset by increases in furnishings, household equipment and services (+0.6 per cent), and housing (+0.2 per cent).

The trimmed mean measure of the Inflation Gauge fell slightly by 0.1 per cent in February, after rising by 0.2 per cent in January.

According to Dr. Sam Tsiaplias, Senior Research Fellow at the Melbourne Institute, “This month’s fall in inflation reverses some of last month’s beginning of year spike. The fall is largely due to continued downward pressure in fuel prices, which fell by 5.6 per cent this month, following a 4.8 per cent fall last month.”

“February’s fall reflects pass-through effects stemming from oil price volatility. Excluding volatile items, inflation was actually fairly flat. In annual terms, inflation is travelling at about 2 per cent which is in line with expectations” added Dr. Tsiaplias.

The March 2016 Melbourne Institute Inflation Gauge will be released at 11am AEDT on Monday 4 April 2016.

Contacts:

Dr Sam Tsiaplias

Senior Research Fellow

Melbourne Institute of Applied Economic and Social
Research, The University of Melbourne

Tel: 03 9035 3354

Email: stsiaplias@unimelb.edu.au